

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE OPERATING)	CASE NO. 89-013
STATUS OF JUSTICEVILLE GAS, INC.)	

O R D E R

IT IS ORDERED that Justiceville Gas, Inc. ("Justiceville") shall file an original and 10 copies of the following information with this Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to insure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request. When applicable, the information requested herein should be provided for total company operations and jurisdictional operations, separately. The information requested herein is due no later than 15 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating

the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

Information Request No. 1

1. Provide a copy of the Articles of Incorporation for Justiceville.

2. Provide a copy of the Purchase Agreement between the city of Pikeville ("Pikeville") and Justiceville for the sale of the gas distribution system.

3. Concerning the September 1, 1988 purchase from Pikeville:

a. Indicate the total purchase price paid for the distribution system.

b. Indicate the original cost of and the accumulated depreciation on the portion of the Justiceville system purchased from Pikeville.

4. Provide an explanation as to why Justiceville did not seek the approval of the Commission for this purchase prior to September 1, 1988, as required by KRS 278.020.

5. Provide an explanation of the Justiceville corporation. The explanation should include, but not be limited to, the following items:

a. The positions held by Mabry Holbrook and Robert Comstock in the corporation and director's compensation, if any.

b. The capital structure of the corporation at the date of its inception.

c. The compensation that Mr. Holbrook and Mr. Comstock are to receive as owners of Justiceville.

d. The number of employees of Justiceville as of September 1, 1988 and as of the date of this response.

e. The compensation and benefits to be provided any employees of Justiceville.

6. In the January 1, 1989 report, it has been indicated that Mr. Holbrook and Mr. Comstock borrowed \$6,000 from the First Guaranty National Bank of Martin ("First Guaranty") in order to make the purchase and effect some system repairs. Provide the following information concerning this loan:

a. Indicate whether this loan is an obligation of Justiceville or Mr. Holbrook and Mr. Comstock.

b. Provide a copy of the loan agreement, the interest rate in effect on the loan, the repayment schedule, and a specific breakdown of the use of the \$6,000.

c. On page 2 of the January 1, 1989 report, a liability to First Guaranty in the form of a note payable at \$290 per month for 5 years is listed. Provide the information requested in parts a. and b. above.

7. Indicate if Justiceville or Mr. Holbrook or Mr. Comstock has borrowed any other funds for Justiceville that have not been listed in the January 1, 1989 report. Provide the same information requested in parts a. and b. of the previous question for each additional borrowing.

8. Provide system map(s) of Justiceville, showing the main lines, service lines, pipeline size, material and fittings.

9. Prepare a schedule of all system improvements that have been undertaken since September 1, 1988. The schedule should include the following:

a. A description of the improvement.

b. The cost of the improvement, supported by detailed cost information from invoices or other documentation.

c. An indication of whether the improvement was a replacement of an existing part of the system or a new addition to the system.

d. A description of how the improvement was paid for.

10. Provide a comprehensive plan for modification and repair of the pipeline, safety valves, shut-off valves, regulators, meters, and other fittings. Present a timetable for the provision of material and implementation of the work.

11. Provide an Operating and Maintenance Plan for the system. If it is not available, please respond with the date by which it can be provided to the Commission.

12. Determine the maximum allowable operating pressure of the system.

13. Provide a plan for testing the gas meters.

14. The January 1, 1989 report indicated that a computer was purchased by Justiceville. Provide the cost of the computer system and its related software, who the computer was purchased from, and whether Justiceville will be the sole user of the computer system.

15. Concerning Justiceville's gas suppliers:

a. Identify C & H Piping ("C & H"). Indicate whether the owners, officers, or employees of C & H are affiliated in any way with the owners, officers, or employees of Justiceville.

b. Indicate, for each month since September, approximately how much of Justiceville's gas need has been supplied by each supplier.

16. The January 1, 1989 report indicates a \$4,200 liability with Columbia Gas Transmission Company. Provide a detailed explanation of the circumstances of this liability and how it will be resolved.

17. Provide the annual report for the period September 1, 1988 through December 31, 1988. Also provide monthly income statements for January and February 1989.

18. For Mr. Holbrook and Mr. Comstock and any other employees of Justiceville, provide the following:

a. An explanation of the experience each person has with regard to the operation of a gas utility.

b. A listing of all gas utilities each person has worked for during his career.

c. A listing of any gas utilities each person has an ownership interest in, past or present.

19. Provide the salary schedule for each employee of Justiceville.

20. Provide tariffs for the rates to be charged for service, any proposed PGA's, late payment penalties, reconnection charges, bad check charges, etc., Justiceville intends to charge, as well as any proposed rules and regulations, and conditions for service.

21. The Uniform System of Accounts ("USoA") for Class C and D companies provides instructions on how to record the purchase of gas plant. The original cost of the plant purchased, as well as the accumulated depreciation on that plant, are to be the basis of the initial accounting entries. Estimates of original cost are allowed if the original cost is not known. The specific accounting steps are outlined as Item No. 4 of the Gas Plant Instructions of the USoA. Provide the original accounting entries for Justiceville. Provide any explanations or documents which support these entries. These entries should cover the purchased plant from Pikeville, as well as any gas plant acquired from other individuals.

22. Provide a complete customer listing which designates those customers formerly served by Pikeville, customers to whom Justiceville has provided new service, and customers who had previously been served by another source of gas.

23. Provide monthly gas sales and purchases for the period from September 1988 through December 1988. Indicate the number of customers billed each month and the number of minimum bills for the 4-month period.

24. For the 12 months ended August 31, 1988, provide the total Mcf sales by Pikeville to the customers in Justiceville and Garden Village now being served by Justiceville.

25. Justiceville has indicated that the rates currently charged its customers have been reduced by 5 percent. Indicate whether the rates attached to the January 1, 1989 report reflect this 5 percent reduction. Provide an explanation of when this reduction was effective.

Done at Frankfort, Kentucky, this 24th day of February, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director